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THE BIG BUSINESS
OF SMALLER COMPANIES

Inc.

JULY 1980
$2.00

HOW MUCH DO TOP EXECS MAKE?

Paychecks and perks in the smaller company

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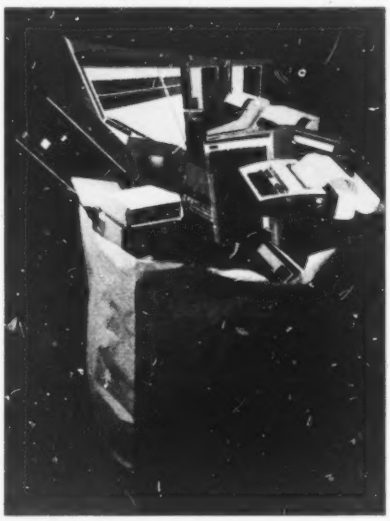

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HOW MUCH DO THE TOP EXECS MAKE?

If you're the CEO of the average small company, chances are you gave yourself a 13% raise last year, bringing your salary to $70,000.

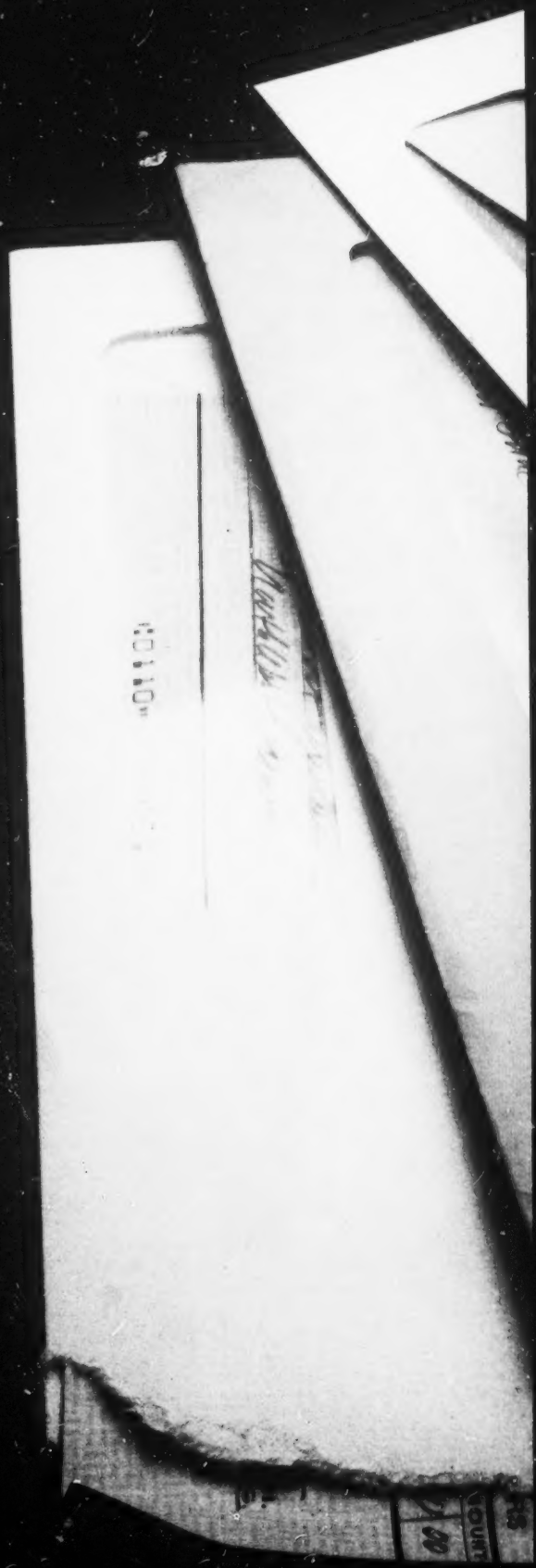
As the head of a small company, you may take your compensation for granted. Or you may be wondering whether it measures up to that of your chief competitor. You probably ask yourself whether you're paying your key executives enough — or even too much.

Questions about executive compensation aren't idle ones. You could be told by a bank loan officer that in order to borrow the money you need, you'll have to hold your pay at $50,000 for the next three years. Or by the IRS that the $100,000 you paid yourself last year is "unreasonable," and that half of it must be taxed as a company dividend *and* as unearned personal income. Or you may find that the people who are willing to take the $30,000 salary you're offering don't seem good enough.

Answers to questions like, "How much should you pay?" and "How much should you be paid?" are hard to come by. The best you can do is find out what the norm is — what executives in companies like yours receive as compensation — and decide whether that seems adequate or excessive in your own case.

But even normative figures are difficult to determine. To establish the facts about executive pay practices among smaller companies, INC. linked up with Growth Resources Inc. (GRI), a Peabody, Mass., firm specializing in smaller company executive compensation, to survey over 4,000 smaller corporations, including 2,000 INC. subscribers. The results, based on the responses of more than 200 small companies employing over 550 officers, were tabulated and analyzed by GRI according to business

By Bradford W. Ketchum, Jr.
INC. Senior Editor



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size, type of company, management position, and profitability.

Over 82% of the companies responding are privately owned. Another 9% are small companies operating as wholly owned subsidiaries of larger corporations. About two-thirds of the companies are in some type of manufacturing; the remaining third are service businesses.

Sales of the companies who responded range from just under $400,000 to just over $19 million, with after-tax profits ranging from $0 to over $3.5 million. The average sales of the survey respondents is just over $5 million, with after-tax profits of 5% on sales, and an average return on invested capital of 21%.

Some of the principal trends that emerged from the survey are presented in tabular form on the following pages. They suggest some interesting patterns in executive compensation.

Executive pay increases with company size. The larger and more complex a company becomes, the higher the price for the services of those at the top. In companies with sales of less than $2 million, the average total direct remuneration of the CEO is $50,000. In the $2-million-to-$5-million range, the average CEO pay is $68,000. The average rises to $87,000 in the $5-million-to-$10-million companies, while in the $10-million-to-$20-million category, CEO's earn close to $100,000.

Base salaries, the guaranteed portion of an executive's pay, also track upward with company size. In the smallest companies, the average base salary for chief executives is $44,000. It rises to $54,000 in the $2-million-to-$5-million group, to $61,000 in the $5-million-to-$10-million group, and to $79,000 in the largest companies in the survey.

Type of business has little impact on pay in the smallest companies. In companies with under $2 million in sales, average pay for the CEO ranged only from $49,000 to $53,000. The range was somewhat wider, from $62,000 to $71,000, in the $2-million-to-$5-million category. But only in companies with more than $5 million in sales did type of industry appear to have an effect on amount of compensation. In these, service and technology companies show a pattern of consistently higher officer salaries than do general manufacturers. (For the purposes of analysis, "technology companies" in this survey refers to technology product manufacturers, engineering firms, and research and development firms.) The large service companies, in fact, are the only ones surveyed in which average compensation of CEOs tops $100,000.

Manufacturing companies, of course, need more investment dollars than do service companies to produce a dollar of sales and, frequently, a dollar of profit. On average, service companies require 25% to 50% less invested capital than manufacturing companies of the same size. Because they have lower capital requirements, service companies can produce higher returns to support higher executive salaries.

Technology companies have a special need for top management with technical expertise. If the executive of a $10-million or $20-million technology business is a scientist with a Ph.D., the price for his services—whether business is good or bad—is going to be high.

The higher the company's profits, the higher its executive pay. As one might expect, some highly profitable firms report executive salaries that are double the average; in one case, the CEO's salary was almost three times as much as that of a low-profit enterprise in the same size category. The few exceptions to this rule are the ones that prove it. In a group of about 20 closely held $10-million-to-$20-million companies, higher revenues are translated directly into higher salaries and bonuses for executives, reducing profits as a percent of sales but increasing executive pay.

The average after-tax profit on sales for all survey respondents was 5%, with an average after-tax return on invested capital of 21%. The group of respondents that had after-tax profits on sales of over 10% and after-tax return on invested capital of over 25% also had consistently higher executive salaries. Companies with low profit (3% or less after tax) and lower return on invested capital (less than 12%) pay their chief executives about 25% less than the officers in the most profitable group.

Geography doesn't seem to affect pay. Although there are some minor regional differences, the significant factor seems to be whether the company is located in an urban or a rural area. That's why CEOs on the East and West Coasts earn heftier paychecks than many of their counterparts in the central states.

No. 2 execs earn from 8% to 32% less than the CEO. The average compensation of the No. 2 officer in smaller companies ranges from $45,800 to $73,000. Few small firms below the $5-million sales mark have a full complement of officers. Among the smallest companies, the average number of executives, including the CEO, is two. This number increases to an average of 3.8 in the $10-

AVERAGE TOTAL COMPENSATION OF CHIEF EXECUTIVE OFFICERS 1980 VS. 1979

Company sales	1980	1979	Percentage increase
Under $2M	$50,000	$44,100	14%
$2M–$5M	68,000	55,800	22
$5M–$10M	87,000	76,100	14
$10M–$20M	97,000	88,100	10
All companies	$71,300	$63,100	13

AVERAGE CEO COMPENSATION BY COMPANY SIZE (SALES VOLUME)

	Under $2M	$2M–$5M	$5M–$10M	$10M–$20M
Range of total compensation	$ 30,000–109,000	$ 24,000–200,000	$ 48,000–171,000	$ 50,000–175,000
Average base salary	$ 44,000	$ 54,000	$ 61,000	$ 79,000
Average total compensation	$ 50,000	$ 68,000	$ 87,000	$ 97,000

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million-to-$20-million class.

In the companies under $5 million in sales, the "number two man" often has no clearly defined area of responsibility. In some of these small companies, the salaries and ownership positions of the No. 2 executive are often close or even identical to those of the chief executive officers.

In the years when a company is starting up, there is often little difference between the salary of the CEO and that of the No. 2 executive. In companies responding to the survey that had started up within the last year and still had sales of less than $500,000, salaries of the top executives were relatively low—$20,000 to $30,000. Another group of over 50 companies, a year or two into business operations, showed salaries rising, and a definite spread developing between pay for the CEO and pay for other company executives. In the very smallest companies, salary differences are often no more than 5% or 10%. In companies moving toward the $10-million level, salary spreads of 30% or more between the CEO and the next most highly paid executive are the rule.

Ownership is highest where capital investment is lowest. Among the smallest companies, average CEO ownership is 56%, declining to about 30% in the largest of the companies responding to the survey. Invested capital in the smallest businesses averages about $250,000; in the largest, it averages about $3.5 million.

CEO ownership is greater in the service companies, where the boss, on average, owns 61%, compared with about 38% among his counterparts in the manufacturing companies.

Raises currently average 13%. Officers in the smaller firms got better pay increases for 1980 than those in the largest companies. In the $2-million-to-$5-million sales group, pay hikes averaged a whopping 22%. Executives in the $10-million-to-$20-million companies received raises of only 10%. Nine out of 10 companies in the latter group reported average or below-average profits in their latest fiscal year, undoubtedly affecting salary increases. Respondents in the other groups report "normal" or above-average earnings.

As INC. reported last year (June 1979, page 45), small companies "pay by their own rules." They often grant extra vacation time for top executives, interest-free or low-interest loans, company cars, club memberships, and coverage of uninsured medical expenses. However, deferred compensation, retirement plans, and stock appreciation rights found among corporate giants are less common in smaller company executive pay packages.

If things go right, the large company executive puts in his 30 years, cashes in for $1 million with his options and deferred comp, and retires at 65 or 70 with a $200,000-a-year company-funded pension. The small company executive does things differently. He gets his business up to $10 million or $20 million and his pay up to $100,000 or $200,000, and cashes in at age 40 or 50, without an annuity but with several million dollars in the bank. Then he starts all over again. □

Growth Resources

Information for this article was collected and analyzed for INC. by Growth Resources, a Peabody, Mass., firm founded in 1969 by president Richard J. Bronstein. The data is presented with Growth Resources' permission. Specializing in executive compensation for small and medium-sized businesses, the company has just published a 1980 Small Company Executive Compensation Report which is available from the firm for $250.

As it did in June 1979, INC. chose a small, random sampling of publicly held companies with sales of up to $30 million. Beginning on page 40, it lists the chief executive officers of these companies with information about the amount and nature of their compensation. To make comparisons easier, the list is divided into three groups ranked by sales volume.

AVERAGE CEO COMPENSATION BY COMPANY PROFITABILITY

Company sales	High-profit group	Average-profit group	Low-profit group
Under $2M	$ 51,000	$ 46,000	$ 43,000
$2M–$5M	88,300	84,800	57,300
$5M–$10M	92,700	87,700	83,200
$10M–$20M	112,000	100,000	92,000

COMPANY PROFIT LEVELS

	High-profit group	Average-profit group	Low-profit group
After-tax profit as % of sales	over 10%	5%	under 3%
After-tax return on invested capital	over 25%	21%	under 12%

COMPENSATION OF THE "NUMBER TWO" EXECUTIVE BY COMPANY SIZE (SALES VOLUME)

	Under $2M	$2M–$5M	$5M–$10M	$10M–$20M
Average total compensation of No. 2 executive	$45,800	$58,000	$61,000	$73,000
Total compensation of No. 2 executive as % of CEO total compensation	92%	86%	70%	68%

AVERAGE COMPENSATION OF CEOs BY COMPANY TYPE

Company sales	All manufacturers	Technology group	Service group
Under $2M	$51,000	$53,000	$ 49,000
$2M–$5M	71,000	65,000	62,000
$5M–$10M	81,000	89,000	99,000
$10M–$20M	89,000	92,000	112,000

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"UNREASONABLE COMPENSATION": WHAT IT MEANS, AND WHAT THE IRS LOOKS FOR

A corporation takes a tax deduction for the compensation of its executives and other employees. So the company really pays only about half the actual compensation; the government in effect returns the other half as tax deductions for the corporation. But a corporation can deduct only what the IRS deems "reasonable" compensation.

Anything in excess of reasonable compensation is treated as a dividend, with negative effects on the corporation's taxes. When the executive receives what the IRS considers to be "unreasonable" compensation, it is considered unearned income and is not protected by the maximum tax provisions that govern earned income.

The table, right, illustrates the substantial difference between the treatment of an executive's $100,000 compensation when the IRS deems all of it reasonable and when it deems only half of it reasonable. In this particular case, a ruling that compensation is "unreasonable" means an increase of $26,120 in taxes!

The IRS applies many criteria to determine reasonableness. The most important are the amount of compensation paid executives in similar jobs in similar companies; the executive's previous experience and academic credentials; the size and complexity of the business; the relationships between salaries paid and gross income and net income; and the extent of the executive's duties.

On the last point, you might be able to justify paying yourself $100,000, let's say, even though others in your position at similar companies receive less, if you can demonstrate that you're handling several key management jobs. If you run the manufacturing and marketing operations as well as the company, and if the company would need two or three other officers if it didn't have the benefit of your ability and dedication, you might be able to justify your compensation as reasonable. We said *might*: Only the IRS knows for sure.

Reasonable compensation IRS rules all of $100,000 salary reasonable		**Unreasonable compensation** IRS rules only $50,000 of $100,000 salary reasonable	
Cost to company		**Cost to company**	
Compensation	$100,000	Compensation	$100,000
Corporate tax	46,000	Corporate tax	23,000
Cost to company	$ 54,000	Cost to company	$ 77,000
Benefit to executive		**Benefit to executive**	
Total compensation	$100,000	Total compensation	$100,000
Tax bill	42,060	Tax bill	45,180
After-tax income	$ 57,040	After-tax income	$ 54,820

SURVEY RESPONDENTS BY INDUSTRY GROUP

	All manufacturers	Technology group	Service group
Average sales	$5,198,000	$5,493,000	$5,017,000
Average after-tax profit	$279,000	$328,000	$225,000
Average profit as % of sales	5.3%	5.9%	4.5%
Average invested capital	$1,393,000	$1,511,000	$1,036,000
Average return on invested capital	20%	21%	21%
Average CEO ownership	38%	42%	61%
Average number of other executives	2.2	2.5	1.2

PROFILE OF SURVEY RESPONDENTS

Average sales	$5,183,000
Average after-tax profit	$ 262,700
Average profit as % of sales	5%
Average invested capital (paid in capital plus all retained earnings)	$1,225,000
Average return on invested capital	21%
Average CEO ownership	43%
Average number of other executives (besides CEO)	1.9
Percentage of companies privately owned	82.5%

SURVEY RESPONDENTS BY SALES VOLUME

	Under $2M	$2M–$5M	$5M–$10M	$10M–$20M
Average sales	$1,100,000	$3,200,000	$7,100,000	$14,900,000
Average after-tax profit	$90,000	$165,000	$443,000	$528,000
Average profit as % of sales	8%	5%	6%	3.5%
Average invested capital	$260,000	$870,000	$1,428,000	$3,350,000
Average return on invested capital	34.6%	18.9%	31%	15.8%
Average CEO ownership	56%	46%	35%	30%
Average number of other executives	1	1.8	2.3	2.8

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PUBLIC COMPANIES: FATTER PAYCHECKS AND BETTER PERKS

Executive compensation is higher and pay packages are more sophisticated. Those are two of the conclusions that can be drawn when executive pay practices in smaller publicly held corporations are compared with those in private companies.

Selected at random and ranked by sales volume, the public companies listed here represent a cross section of smaller businesses.

Profitability within the group varies: Three companies experienced net losses in fiscal year 1979, while in two highly profitable enterprises net income as a percent of sales topped 20%. Half of the companies, however, reflect average profitability, ranging from 5% to 10%.

Indicative of the higher executive pay levels in public companies is the group's median of $87,492 in the salaries and bonuses column. More than one-third of the officers listed earned incomes that top $100,000. The average CEO chalked up $110,460 in salary and bonuses.

Other forms of exec remuneration begin to surface when payrolls of public companies are compared with those of privately-held businesses. Stock options, for example, are not an important factor in pay packages of private companies, where executive ownership generally exists. As this list of public companies shows, however, equity interest is far more limited. Stock options are part of the pay plan in two-thirds of the cases. More than half of the execs listed own less than 10% of their company's common stock. Only four own controlling interest. □

FY '79 Sales	Company (headquarters) Executive (age)	Title	Cash & Cash equivalent remuneration: Salaries, fees & bonuses	Securities, insur.-pers. benefits	Aggregate contingent remun.	Other (see key)	Percent commcn stock	No. empl.	Business description
SALES GROUP: $1 MILLION TO $10 MILLION									
$ 2.4	**Argonaut Energy** (Amarillo, TX)								
	Glen S. Soderstrom (46)	Pres.[1]	$66,800	$937	$2,475	SO	5.08%	29	Oil & gas development
	Lorne E. Tjernagel (52)	Exec. VP[1]	44,804	76,953[2]	1,513	SO	N/A		
4.6	**American Nucleonics** (Westlake Village, CA)								
	Rabindra N. Ghose (54)	Chmn.	57,150	1,078	—	—	4.9	83	Mfr. antennas, elec. components
4.8	**BRAE** (San Francisco)								
	William J. Texido (43)	Pres.	165,000	—	—	PS,SO	13.0	23	Boxcar leasing
	Lawrence W. Briscoe (34)	VP-finan.	60,000	—	—	PS,SO	N/A		
5.6	**Telepictures** (New York)								
	Michael J. Solomon (41)	Pres.	107,038	3,035	—	SO	27.5	14	Distributor films, TV prog.
	Michael N. Garin (33)	Exec. VP	88,124	3,066	—	SO	22.5		
7.9	**Weepercorp** (Anaheim, CA)								
	Randy Knapp (42)	Chmn./pres.	97,640	2,801	—	—	9.0	136	Mfr. computer controllers
	John A. Karsten (47)	Exec. VP	75,256	2,505	—	—	12.9		
9.5	**Atlantic Oil** (Denver)								
	Hans Schambach (53)	Chmn./treas.	89,000	3,000	18,000	A,ESOP,PS	36.6	42	Precious metals casting; oil & gas
	Gordon Smale (47)	Pres.	48,000	—	8,000	ESOP,PS	7.8		
9.9	**First Northwest Ind.** (Seattle)								
	Samuel Schulman (69)	Chmn./pres.	75,000	275,960	—	A,LI,SO	57.8	102	Audio-visual sys.; health clubs; Seattle SuperSonics (NBA)
	Zollie M. Volchok (63)	Exec. VP	80,421	656,295	7,690	A,LI,SO	4.0		
SALES GROUP: $10 MILLION TO $20 MILLION									
11.2	**Comdata Network** (Nashville)								
	C. W. Harter, Jr. (37)	Chmn./pres.	234,455	878	—	—	15.05	376	Money transfer, credit verification
	Alan C. Abrams (34)	VP-mktg.	82,299	840	—	PS	0.98		
11.4	**PaR Systems** (St. Paul)								
	Donald F. Melton (56)	Pres.	56,695	1,601	—	SO	5.5	230	Mfr. nuclear remote handling equip.
12.5	**Kevex** (Foster City, CA)								
	Richard S. Frankel (54)	Pres./treas.	130,000	3,157	15,421	A,MR,PS,SO	36.3	164	Mfr. X-ray instruments
	Richard J. Cushing (45)	VP-mktg.	58,417	32,593	8,431	MR,PS,SO	2.8		
12.9	**ADAC Laboratories** (Sunnyvale, CA)								
	Clarence S. Jones (53)	Chmn.	54,442	2,700	—	SO	5.8	247	Mfr. diagnostic imaging sys.
	Charles W. Cantoni (44)	Pres.	86,861	6,491	—	SO	3.7		
13.2	**URT Industries** (Hialeah Gardens, FL)								
	Allan Wolk (41)	Chmn.	233,241	7,006	—	A,CM,LI,PS	22.0	111	Rack merchandising recorded music
	David Jackowitz (39)	Pres./treas.	102,343	2,792	151	CM,LI,PS	N/A		

1. Now chairman and president, respectively. 2. Includes difference of $76,500 between option exercise price and market value of common stock on dates of exercise of options. 3. Includes bonuses of $8,500 and $6,500, respectively, accrued in '78 paid in '79. 4. Includes bonuses of $53,222 and $40,320, respectively, accrued in '78 paid in '79.

KEY: A-Automobile; **CM**-Club membership; **ESOP**-Employee stock ownership or purchase plan; **LI**- Life insurance; **MR**-Medical reimbursement; **PP**-Pension plan; **PS**-Profit sharing; **SAR**-Stock appreciation rights; **SO**-Stock options.

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PUBLIC COMPANIES: (from page 40)

FY '79 Sales	Company (headquarters) Executive (age)	Title	Cash & Cash equivalent remuneration: Salaries, fees & bonuses	Securities, insur.-pers. benefits	Aggregate contingent remun.	Other (see key)	Percent common stock	No. empl.	Business description
13.2	**NBI** (Boulder)								
	Thomas S. Kavanagh (44)	Pres.	75,781	5,918	—	ESOP,SO	5.1	311	Mfr. word
	James S. Mays (49)	VP-mfg.	60,035	35,350	—	ESOP,SO	1.7		processing sys.
13.5	**Triton Oil & Gas** (Dallas)								
	William I. Lee (53)	Chmn./pres.	91,404	13,128	2,906	SO	9.0	68	Oil & gas
	Thomas A. Goff (46)	Exec. VP	72,554	10,125	2,241	SO	0.7		development
14.4	**Haemonetics** (Braintree, MA)								
	Allen Latham, Jr. (71)	Chmn.	80,000	14,471	5,522	LI,PS,SO	9.55	431	Mfr. blood
	Gordon F. Kingsley (51)	Pres.	95,000	5,324	7,138	LI,PS,SO	9.72		processing sys.
14.9	**Topaz** (San Diego)								
	Kenneth E. Olson (42)	Pres.	96,614	2,494	79,846	LI,PP,SO	N/A	389	Mfr. power conditioning equip.
15.2	**Ramtek** (Santa Clara, CA)								
	Charles E. McEwan (44)	Pres.	77,900	4,289	—	SO	5.0	376	Mfr. graphic displays,
	Thomas J. Adams (40)	VP-finan.	65,850	3,936	—	SO	N/A		computer terminals
15.5	**Kettering Industries** (Englewood Cliffs, NJ)								
	Steven L. Marks (44)	Pres.	100,000	—	4,094	A,PS	25.3	155	Mfr. promo. displays,
	Philip Marks (47)	Exec. VP	100,000	—	4,094	A,PS	25.3		auto speakers
16.1	**Shopsmith** (Vandalia, OH)								
	John R. Folkerth (46)	Pres./treas.	120,953	1,370	—	A,LI,SO	53.74	472	Mfr. power
	Larry A. Blank (39)	Sr. VP-sales	92,928	423	—	A,LI,SO	8.33		woodworking tools
SALES GROUP: $20 MILLION TO $30 MILLION									
20.0	**Damson Oil** (New York)								
	Barrie M. Damson (44)	Chmn./pres.	151,500	33,675	—	A,CM,LI,MR,SO	11.7	389	Oil & gas
	Robert E. Bailey (47)	Sr. VP	123,400	3,878	—	A,CM,LI,MR,SO	N/A		exploration & sale
20.6	**Printronix** (Irvine, CA)								
	Robert A. Kleist (50)	Pres.	90,853[3]	780	—	A,SO	20.0	431	Mfr. computer
	Melvin Posin (54)	Sr. VP-mktg.	75,761[3]	380	—	A,SO	4.8		printers
20.6	**Anthem Electronics** (Sunnyvale, CA)								
	Robert S. Throop (42)	Pres.	92,236	1,189	133,156	SO	1.69	89	Electronics
	Bobby G. Pipkin (39)	Sr. VP	86,664	381	—	—	N/A		distributor
21.1	**Rampart General** (Santa Ana, CA)								
	W. V. Harris, Jr. (46)	Chmn./pres.	135,000	650	—	A,SO	21.0	160	Mfr. fireplaces;
	B. C. Harris (46)	Secy./treas.	109,260	—	—	A,SO	20.0		housing & devel.
21.3	**Electrospace Systems** (Richardson, TX)								
	James R. Lightner (56)	Chmn./pres.	76,730	—	—	A,CM	15.4	575	Mfr. telecommun.
	Robert L. Carrel (46)	Exec. VP	76,730	—	—	A,CM	11.4		& navigation sys.
21.6	**Jhirmack Enterprises** (Redding, CA)								
	Irene Redding (49)	Chwmn./pres.	131,808	3,302	—	A,LI,SO	33.0	227	Mfr. hair &
	Gerald J. Theisen (49)	Exec. VP	57,942	572	—	A,LI,SO	N/A		skin products
21.6	**Unit Drilling & Exploration** (Tulsa)								
	King P. Kirchner (52)	Chmn./pres.	150,000	—	—	—	35.8	262	Oil & gas explor.,
	Fred O. Turner (29)	Exec. VP	71,000	—	—	—	1.4		contract drilling
25.0	**Vallen** (Houston)								
	Leonard J. Bruce (59)	Chmn.	214,042[4]	657	—	LI,PP,SAR,SO	60.43	210	Distributor indl.
	William P. O'Connell (40)	Pres.	171,536[4]	413	—	LI,PP,SAR,SO	6.25		safety products
26.1	**North American Watch** (New York)								
	Gedalio Grinberg (47)	Pres.	147,666	—	26,232	PS	48.3	100	Importer/distributor
	Laurence Grunstein (33)	VP-treas.	76,348	—	16,248	PS	1.6		Swiss watches
27.4	**Nuclear Data** (Schaumburg, IL)								
	Richard J. Sandberg (52)	Pres.	122,800	240,177	—	PS	3.9	620	Mfr. radiation
	C. Stewart Havens (43)	VP-finan.	77,900	103,449	2,113	PS	N/A		analysis sys.
28.0	**Cado Systems** (Torrance, CA)								
	George M. Ryan (58)	Chmn.	52,338	26,960	—	SO	9.6	97	Mfr. small bus.
	B. Allen Lay (45)	Pres./treas.	51,650	—	—	SO	2.8		computers
28.2	**C[illegible]ezem Development** (St. Petersburg, FL)								
	Charles K. Cheezem (57)	Chmn./pres.	125,003	—	—	A,SO	75.29	140	Devel./construct high-rise condos
29.0	**Stryker** (Kalamazoo)								
	John W. Brown (45)	Pres.	150,000	—	21,165	PS,SO	6.0	430	Mfr. specialty
	William T. Laube (N/A)	VP	69,420	3,951	5,926	PS,SO	N/A		medical devices

1 Now chairman and president, respectively. 2. Includes difference of $76,500 between option exercise price and market value of common stock on dates of exercise of options. 3. Includes bonuses of $8,500 and $6,500, respectively, accrued in '78 paid in '79. 4. Includes bonuses of $53,222 and $40,320, respectively, accrued in '78 paid in '79.

KEY: A-Automobile; **CM**-Club membership; **ESOP**-Employee stock ownership or purchase plan; **LI**- Life insurance; **MR**-Medical reimbursement; **PP**-Pension plan; **PS**-Profit sharing; **SAR**-Stock appreciation rights; **SO**-Stock options.